Financing Agreement

(Real Estate Registration Project)

between

BOSNIA AND HERZEGOVINA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 25, 2013
FINANCING AGREEMENT

AGREEMENT dated January 25, 2013, entered into between BOSNIA AND HERZEGOVINA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twenty-two million seven hundred thousand Special Drawing Rights (SDR 22,700,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are February 15 and August 15 in each year.
2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Euro.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Federation and Republika Srpska to carry out the Project in accordance with the provisions of Article IV of the General Conditions and the Federation Project Agreement and the RS Project Agreement, respectively.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) The Federation's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Federation to perform any of its obligations under the Federation Project Agreement.

(b) The RS’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the RS to perform any of its obligations under the RS Project Agreement.

(c) Either Entity shall have failed to perform any of its obligations under its respective Subsidiary Agreement.

(d) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that either Entity shall be able to perform its obligations under its respective Subsidiary Agreement.

4.02. The Additional Event of Acceleration consists of the following: any event specified in Section 4.01 of this Agreement occurs and is continuing for a period
of sixty (60) days after notice of the event has been given by the Association to the Recipient.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) a Project Agreement has been executed on behalf of the Association and an Entity, on terms and conditions satisfactory to the Association;

(b) for the Entity referred to in paragraph (a) of this Section 5.01, a Subsidiary Agreement has been executed on behalf of the Recipient and said Entity, on terms and conditions satisfactory to the Association; and

(c) the Federation and the RS have each appointed a Project Implementing Unit acceptable to the Association.

5.02. The Additional Legal Matter consists of the following:

(a) The Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Entity and is legally binding upon the Recipient and the Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

5.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty-five (25) years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is the Minister of Finance and Treasury of Bosnia and Herzegovina.
6.02. The Recipient’s Address is:

Ministry of Finance and Treasury
Trg BiH 1
71000 Sarajevo
Bosnia and Herzegovina

Facsimile:
(387-33) 202-930

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Sarajevo, Bosnia and Herzegovina, as of the day and year first above written.

BOSNIA AND HERZEGOVINA

By

Authorized Representative

Name: MIKOLA SPIRO
Title: MINISTER OF FINANCE AND TREASURY

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: INABELA ABREU
Title: COUNTRY MANAGER
SCHEDULE 1
Project Description

The objective of the Project is to support development of a sustainable real estate registration system with harmonized land register and cadastre records in urban areas of both the Federation of Bosnia and Herzegovina and the Republika Srpska.

The Project consists of the following parts:

Part 1. The Federation

Component A Real Estate Registration Data Development

Supporting land register and cadastre data harmonization on land, buildings and rights based on the actual situation in the field, including vulnerability mapping, social monitoring and public awareness campaigns to support registration of real estate rights and vectorization of graphical cadastral maps.

Component B Real Estate Registration Infrastructure Development

Improving working conditions and infrastructure in cadastre and land registration offices through office renovations, information and communication technology (ICT) system development and provision of furniture and equipment.

Component C Policy and Institutional Development and Project Management

Supporting policy and institutional development in the sustainability and governance of real estate registers and supporting project management and monitoring through the provision of technical assistance, training, incremental operating costs and equipment.

Part 2 Republika Srpska

Component A Real Estate Registration Data Development

Supporting real estate cadastre data harmonization on land, buildings and rights based on the actual situation in the field, including coordinate reference system development, vulnerability mapping, social monitoring and public awareness campaigns to support registration of real estate rights and vectorization of graphical cadastral maps.

Component B Real Estate Registration Infrastructure Development

Improving working conditions and infrastructure in cadastre and land registration offices through office renovations and purchases, ICT system development, creation of digital archives, and provision of furniture and equipment.
Component C  Policy and Institutional Development and Project Management

Supporting policy and institutional development in the sustainability and governance of real estate cadastre and supporting project management and monitoring through the provision of technical assistance, training, incremental operating costs and equipment.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. a. The Recipient shall cause the Federation, through the Federation GA, to carry out Part 1 of the Project. The Federation GA shall be responsible for the day-to-day implementation, including procurement and financial management, of Part 1 of the Project.

   b. The Recipient shall cause the Federation to maintain the Federation PIU within the Federation GA at all times during Project implementation, with terms of reference and resources satisfactory to the Association, and with competent staff in adequate numbers.

2. a. The Recipient shall cause the Republika Srpska, through the RS GA, to carry out Part 2 of the Project. The RS GA shall be responsible for the day-to-day implementation, including procurement and financial management, of Part 2 of the Project.

   b. The Recipient shall cause the Republika Srpska to maintain the RS PIU within the RS GA at all times during Project implementation, with terms of reference and resources satisfactory to the Association, and with competent staff in adequate numbers.

3. a. The Recipient shall cause the Federation and the RS to establish the Project Coordination Board consisting of six (6) representatives, with one each from Federation GA, Federation MOF, Federation MOJ, RS GA, RS MOF, and RS MOJ.

   b. The role of the Project Coordination Board will be to coordinate project activities and to exchange project information ensuring a harmonized approach. The Recipient shall cause the Entities to maintain the Project Coordination Board at all times during Project implementation with terms of reference and resources satisfactory to the Association.

4. The Recipient shall cause the Federation PIU and the RS PIU to submit, on December 1 of each year and starting on January 31, 2013, to the Association for review and approval an annual training plan for the Project for the following calendar year.
5. The Recipient shall cause the Entities to submit, by December 31, 2014, to the Association for review and approval a long term strategy and business plan allowing sustainable real estate registration at the Entity level.

6. The Recipient shall not, and shall ensure that the Entities do not, amend, suspend, abrogate, repeal or waive legislation affecting land administration so as to materially affect the performance of the Recipient or either of the Entities under the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out by each Entity of its Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing available to each Entity under a subsidiary agreement between the Recipient and the Entity (“Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include the terms and conditions set forth in paragraphs 2(a) and (b) respectively.

2. (a) For the purposes of Part 1 of the Project, the Recipient shall enter into a Subsidiary Agreement with the Federation (the Federation Subsidiary Agreement) under terms and conditions which shall have been approved by the Association. Except as the Association shall otherwise agree, such terms and conditions shall include the following:

(i) the Recipient shall relend to the Federation an amount in Special Drawing Rights equivalent to the amount of the Credit allocated from time to time to Category (1) set forth in the table in Schedule 2, Section IV, paragraph 2 to this Agreement;

(ii) the term of the Subsidiary Financing shall be twenty-five (25) years, including a five (5) year grace period;

(iii) the Recipient shall charge the Federation a commitment charge at a rate equal to the rate payable under Section 2.03 of this Agreement, on the principal amount of the Subsidiary Financing not withdrawn from time to time;

(iv) the Recipient shall charge the Federation a service charge on the principal amount of the Subsidiary Financing withdrawn and outstanding from time to time at a rate equal to the rate payable under Section 2.04 of this Agreement;

(v) the principal amount of the Subsidiary Financing shall be repayable in Euro and shall be the equivalent in Special Drawing Rights (determined as of the date or respective dates of
restitution) of the value of currency or currencies withdrawn from the Credit Account on account of expenditures for the Project; and

(vi) the Recipient shall charge the Federation interest on the withdrawn Subsidiary Financing at a rate of one and a quarter percent (1.25%).

(b) For the purposes of Part 2 of the Project, the Recipient shall enter into a Subsidiary Agreement with RS (the RS Subsidiary Agreement) under terms and conditions which shall have been approved by the Association. Except as the Association shall otherwise agree, such terms and conditions shall include the following:

(i) the Recipient shall relend to RS an amount in Special Drawing Rights equivalent to the amount of the Credit allocated from time to time to Categories 2 and 3 set forth in the table in Schedule 2, Section IV, paragraph 2 to this Agreement;

(ii) the term of the Subsidiary Financing shall be twenty-five (25) years, including a five (5) year grace period;

(iii) the Recipient shall charge RS a commitment charge at a rate equal to the rate payable under Section 2.03 of this Agreement, on the principal amount of the Subsidiary Financing not withdrawn from time to time;

(iv) the Recipient shall charge RS a service charge on the principal amount of the Subsidiary Financing withdrawn and outstanding from time to time at a rate equal to the rate payable under Section 2.04 of this Agreement;

(v) the principal amount of the Subsidiary Financing shall be repayable in Euro and shall be the equivalent in Special Drawing Rights (determined as of the date or respective dates of repayment) of the value of currency or currencies withdrawn from the Credit Account on account of expenditures for the Project; and

(vi) the Recipient shall charge RS interest on the withdrawn Subsidiary Financing at a rate of one and a quarter percent (1.25%).

3. The Recipient shall exercise its rights under the Subsidiary Agreements in such manner as to protect the interests of the Recipient and the Association and to
accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of their provisions.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the terms of the Environmental Management Framework and any site-specific Environmental Management Plans that are prepared during implementation of the Project.

2. The Recipient, through the Entities, shall ensure that all measures necessary for the carrying out of the EMF and the EMPs are taken in a timely manner.

3. The Recipient shall ensure that the EMF is not amended, waived, suspended, abrogated, or repealed except with the prior written approval of the Association.

4. For the implementation of Part 1, Component B and Part 2, Component B, the Recipient shall ensure that the Entities approve site-specific Environmental Management Plans, satisfactory to the Association, prior to the commencement of any works.

5. The Recipient shall ensure that the RS, through the RS PIU, enters into a purchase agreement, satisfactory to the Association, for any land or property to be purchased under Part 2, Component B.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
B. **Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause the Entities to prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall cause the Entities to have their Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plans:
   
   (a) National Competitive Bidding, subject to the modifications set forth in paragraph 3 below;
   (b) Shopping; and
   (c) Direct Contracting.

3. Procedures for National Competitive Bidding shall be carried out by using standard bidding documents acceptable to the Association, subject to the following provisions:

   (1) **Registration**
   
   (a) bidding shall not be restricted to pre-registered firms;
   
   (b) where registration is required, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification; and
   
   (c) foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.

   (2) **Advertising**

   Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids.
(3) **Pre-qualification**

When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience and technical and financial requirements shall be explicitly stated in the pre-qualification documents.

(4) **Participation by Government-owned enterprises**

Government-owned enterprises in Bosnia and Herzegovina, including those in the Federation and RS, shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(5) **Bidding Documents**

Procuring entities shall use the appropriate standard bidding documents for the procurement of goods, works or services, acceptable to the Association.

(6) **Bid Opening and Bid Evaluation**

(a) bids shall be opened in public, immediately after the deadline for submission of bids;

(b) evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents; and

(c) contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated, substantially responsive bid and no negotiation shall take place.

(7) **Price Adjustment**

Civil works contracts of long duration (more than 18 months) shall contain an appropriate price adjustment clause.

(8) **Rejection of Bids**

All bids shall not be rejected and new bids solicited without the Association’s prior concurrence.
(9) Securities

(a) bid security and performance security should follow the generally accepted practice used in the local market;

(b) alternative methods such as bid securing declaration may be acceptable, in which case the Borrower may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or they are awarded the contract and they fail to sign the contract or to submit a performance security before the deadline defined in the bidding documents, the bidder will be suspended for bidding in any contract with the implementing unit; and

(c) no advance payment shall be made to contractors without a suitable advance payment security. These securities shall be included in the bidding documents in a text and format acceptable to the Association.

(10) Right to inspect and audit

Each contract financed out of the proceeds of the Credit shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the procurement and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

(11) Fraud and Corruption

The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank Group.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plans:

(a) Least Cost Selection;
(b) Selection under a Fixed Budget;
(c) Selection based on Consultants’ Qualifications;
(d) Single-source Selection of consulting firms; and
(e) Procedures set forth in paragraphs 5.1 and 5.6 of the Consultant Guidelines for the Selection of Individual Consultants.

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
### Percentage of Expenditures to be Financed

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, Training, and Incremental Operating Costs under Part 1 of the Project</td>
<td>11,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services, Training, and Incremental Operating Costs under Part 2 of the Project</td>
<td>9,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Purchase of new premises/branch offices under Part 2 of the Project</td>
<td>1,900,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>22,700,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments under Category 3 unless the executed purchase agreement for any property is satisfactory to the Association in form and substance.

2. The Closing Date is July 31, 2018.
# SCHEDULE 3

## Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15</td>
<td></td>
</tr>
<tr>
<td>commencing February 15, 2018 to and including August 15, 2027</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing February 15, 2028 to and including August 15, 2037</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions


2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. “Entity” means the Federation of Bosnia and Herzegovina or Republika Srpska (as these expressions are hereafter defined), as the case may be, and “Entities” refers to the Federation and Republika Srpska collectively.

5. “Environmental Management Framework” or “EMF” means the Environmental Management Framework adopted by the Recipient in March 2012, satisfactory to the Association, consisting of the set of mitigation, monitoring, and institutional measures to be taken to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement these measures and a sample Environmental Management Plan.

6. “Environmental Management Plan” or “EMP” means a site-specific Environmental Management Plan prepared under the Project in accordance with the EMF, describing the environmental mitigation measures anticipated for activities under the Project and the parties responsible for monitoring of construction and operational impacts.

7. “Euro” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on the European Union.

8. “Federation” means the Federation of Bosnia and Herzegovina, a constitutive part of the Recipient, and includes any successor or successors thereto.

9. “Federation GA” means the Federation Administration for Geodetic and Real Property Affairs, and includes any successor thereto.

10. “Federation MOF” means the Ministry of Finance of the Federation, and includes any successor thereto.
11. “Federation MOJ” means the Ministry of Justice of the Federation, and includes any successor thereto.

12. “Federation PIU” means the Project Implementation Unit within the Federation GA, responsible for the fiduciary functions of project implementation of Part I of the Project, and includes any successor thereto.

13. “Federation Project Agreement” means the agreement between the Association and the Federation for this Project, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Federation Project Agreement.

14. “Federation Subsidiary Agreement” means the agreement to be entered into between the Recipient and the Federation, referred to in Schedule 2, Section 1, paragraph B.1. of this Agreement, as the same may be amended from time to time.

15. “Federation’s Legislation” means the legislation establishing and governing the Federation.


17. “Incremental Operating Costs” means reasonable incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, publication of procurement notices, vehicle operation, office and equipment maintenance and repair, communication, translation and interpretation, travel and supervision costs, and other miscellaneous costs directly associated with Project, but excluding salaries of officials and employees of the Recipient.


19. “Procurement Plans” means the respective procurement plans of the Federation and the RS for the Project, dated May 29, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

20. “Republika Srpska” or “RS” means Repulika Srpska, a constitutive part of the Recipient, and includes any successor or successors thereto.
21. “RS GA” means the Republic Administration for Geodetic and Real Property Affairs of Republika Srpska, and includes any successor thereto.

22. “RS MOF” means the Ministry of Finance of Republika Srpska, and includes any successor thereto.

23. “RS MOJ” means the Ministry of Justice of Republika Srpska, and includes any successor thereto.

24. “RS PIU” means the Project Implementation Unit within the RS GA, responsible for the fiduciary functions of project implementation of Part 2 of the Project, and includes any successor thereto.

25. “RS Project Agreement” means the agreement between the Association and the Republika Srpska for this Project, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the RS Project Agreement.

26. “RS Subsidiary Agreement” means the agreement to be entered into between the Recipient and the Republika Srpska, referred to in Schedule 2, Section 1, paragraph B.1. of this Agreement, as the same may be amended from time to time.

27. “RS’s Legislation” means the legislation establishing and governing the Republika Srpska.

28. “Subsidiary Agreement” means the agreement referred to in Section 1.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Entity.

29. “Training” means all expenditures related to training activities under the Project such as training workshops, study tours and local training and including fees, travel costs and per-diem allowances for the trainers and trainees, cost of training materials, space and equipment rental, and other related expenditures.
Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. Service Charge and Interest Charge

   (a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

   (b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge." 

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

   "32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).